

Nashville Business Journal

JULY 21-27, 2006

Creating gap-proof financial plan is a job for professionals

Smart, savvy people understand that to ensure a comfortable retirement and secure a legacy for one's family, a comprehensive financial plan is key. While these same people are doing the right things, such as saving, investing, buying insurance, creating wills and planning for retirement — doing the right things may not be enough. Too many people have what I call "gaps in the plan." These gaps occur because no one is making sure that all parts of the plan work together.

Here are some real life examples of gaps in the plan:

- You have adequate life insurance... but is the policy owned by a trust, which could help avoid estate taxes?

- You just updated your will... but did you remember to re-title your assets to adequately use exemptions?

- There is appropriate exposure to the stock market in your portfolio... but are the investments properly diversified? No one knows for certain which style of investment will be the next in favor. Style diversification, such as small cap, mid cap or international, is as important as industry diversification.

- Investing in a bond fund will generate income... but have you considered the benefits of individual fixed income issues, which may be more appropriate when the total financial situation is considered? If you have the assets, you can diversify your own portfolio and avoid some of the pitfalls of investing in funds.

- Custody accounts are often used to save for a child's education... but have



GUEST COMMENTARY

DERRICK JONES

you considered the impacts of the "kiddie tax" and alternatives to avoiding this trap?

- A wise investment strategy... but has it been considered in light of the alternative minimum tax?

- You have built a great business... but is there a succession plan? You need to plan an exit strategy for your business years before you are ready to retire or sell.

- Many assets are in qualified plans or IRAs... does this adversely affect other assets that will pass through the person's will?

- You have a living will and powers of attorney, but does anyone know where they are?

'A professional who understands all aspects of wealth management can point out gaps in a plan and help close them.'

A professional who understands all aspects of wealth management can not only point out gaps in the plan, but also help close them. You may have a stock-

broker, an insurance agent, an accountant and an attorney all giving you good advice when you consult them every few years. But if no one is making sure it is all working together, then your plan will almost inevitably develop gaps. This leads to inefficiency and frequently causes people to fall short of their financial goals.

There are, of course, boundaries we put up to protect ourselves. It is a natural human inclination not to let any one person "know all of my business." But in the case of your financial plan, there is no other way to do it right, unless you want to spend the years and dollars necessary to become an expert yourself. A certified, credentialed wealth management expert is someone who has devoted his or her life to ferreting out the gaps in the plan, closing loopholes and making sure you are getting the most out of your assets. It is in his or her best interest to not just be able to close the gaps in your plan, but to be worthy of your trust.

It is vitally important that you trust your wealth management professional and are up front about what you expect by way of service and results. Verify his or her credentials, talk to clients and get your concerns out on the table early so he or she can do the best possible job for you. Closing the gaps in the plan can have a much more profound effect on your bottom line than a higher interest rate or a discounted fee.

Derrick Jones is managing director of wealth management services for Nashville Bank & Trust.
www.nashvillebankandtrust.com

LOANS • CHECKING • PRIVATE BANKING • WEALTH MANAGEMENT • TRUST SERVICES

4525 Harding Road

Suite 300

615-515-1700

www.nashvillebankandtrust.com

Hours: 9 a.m. - 4 p.m., Mon. - Fri.



NASHVILLE
BANK &
TRUST®

Member FDIC